

Committee:	Executive	Agenda Item No.:	6.
Date:	6 th December 2010	Status	Open
Category	3. Part of the Budget and Policy Framework		
Subject:	Rent Arrears Update		
Report by:	Head of Housing		
Other Officers Involved	Housing Enforcement Manager Housing Innovation Officer		
Director	Director of Neighbourhoods		
Relevant Portfolio Holder	Councillor Keith Bowman, Portfolio Holder for Housing		

RELEVANT CORPORATE AIMS

STRATEGIC ORGANISATIONAL DEVELOPMENT – Continually improving our organisation. Recovery of rent arrears is key to funding HRA services.

TARGETS

By March 2011 reduce the number of current housing tenants owing more than 7 weeks rent by 20%, from the March 2009 figure

Reduce former Council housing tenants arrears by 25% by March 2011

VALUE FOR MONEY

The report suggests an alternative way of recovering former tenants' arrears.

THE REPORT

This report is the quarterly update on rent arrears and includes information on current and former rent arrears. The performance information is enclosed in Appendix 1.

Main issues are:

a. Former Tenants' Arrears

Recovery work continues and there has been a reduction in debt from previous years. This is partially to do with writing off debt for deceased tenants, but also by making arrangements for former tenants to pay.

There has been a new relationship established with UK Search who are a national company based in Barlborough. The Council has been able to negotiate a reduced fee for tracing former tenants.

This has given the option of taking a different approach toward recovery. The agreed policy was for the Council to attempt to recover money at early stages, and if not successful then to refer to an agency who would trace and recover. The fee for this service is around 30% (from benchmarking groups)

The low tracing fee obtained provides a new option. The council will pay for the trace (at £4.20) and then attempt direct recovery ourselves, only referring to the agency when this fails. This means that more actual recovery work would be carried out internally (where the Council receive 100% of money) and use of the agency would be more for searches only (Note: the Council are able to conduct similar searches through Experian, but this is more expansive and less accurate than using the specialist search)

Initial calculations suggest this would be a cheaper and more effective way of working. A small comparison has been carried out internally which resulted in the internal service recovering more debt than the agency. It is recommended to trial this for a period of 6 months.

b. Current Rent Arrears.

Current rent arrears remain a challenge. In broad terms there has been little change in debt owed during the financial year. However, this echoes performance in previous years where there has been an improvement in the last quarter. This is largely a technical issue and is linked to both the direct debit cycle and the rent free weeks. (i.e. at this time of year some tenants have been charged more rent than they have been able to pay).

Enforcement action also continues. The final table shows the actions that have been taken so far this year.

Officers are finding it increasingly difficult at Court, with the Court taking a more cautious approach to evictions. Officers continue to work on building a relationship with the judges and the courts.

Several rent arrears campaigns have taken place over the year, posters have been placed in Contact Centres and we are currently working on this years Christmas campaign. We have produced a leaflet which we will include in a letter to all tenants in arrears, encouraging them to pay their rent and arrears before spending money on Christmas gifts.

In total to date we have evicted 5 tenants this year and been to court 71 times.

c. Successes / Frustrations.

Successes

During the quarter several cases where people have paid over £1k to prevent court action.

October – tenant in rent arrears received compensation following an accident. Came in and cleared account with £2,500 payment.

October – tenant lost appeal against eviction. However then cleared over £4,500 arrears to clear account and prevent eviction.

November – Tenant served with Notice of Seeking Possession at 2:20pm. By 2:45 pm tenant had cleared account.

Over £25,000 received in payments to reduce FTAs from previous years.

Frustrations.

November – Officer on site for eviction. Bailiffs arrive and inform office that appeal was being heard. Bolsover not able to attend and only faxed information considered. Court agreed to adjourn.

ISSUES/OPTIONS FOR CONSIDERATION

The contents of the report

IMPLICATIONS

Financial: As outlined in the report

Legal: Not directly

Human Resources: Not directly

RECOMMENDATIONS that

- 1) the report be noted.**
- 2) the proposed way of working with a recovery agent for Former Tenants Arrears is trialled for a 6 month period and the results are reported back to a future meeting.**

**REASON FOR DECISION TO BE GIVEN IN ACCORDANCE WITH THE
CONSTITUTION**

To inform members of current situation on rent arrears.

ATTACHMENTS: Y – tables referred to
FILE REFERENCE:
SOURCE DOCUMENT: